

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 EA-07 OIC-02 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

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TO SECSTATE WASHDC 7064
INFO USDEL MTN GENEVA

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E. O. 11652: GDS

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SUBJECT: PROSPECTIVE ECONOMIC NEGOTIATIONS

PASS STR

REF: (A) STATE 201441 (B) MTN GENEVA 6549 (C) MANILA 11512

1. BASED ON TALKS PAST FEW DAYS OF AMBASSADOR WITH
PRESIDENT MARCOS AND GENERAL ROMULO, AND OF ECON/COMMERCIAL
COUNSELOR WITH DFA ASST SEC BARRERA, IT APPEARS THAT GOP
IS MOVING TOWARD A FORMAL REQUEST TO REOPEN TALKS IN THE
VERY NEAR FUTURE. ISSUE, WHICH GOP NOW SEEMS IN FINAL
STAGE OF RESOLVING, HAS BEEN TACTICAL ONE OF WHETHER PHILIP-
PINES STANDS TO GAIN MOST BY (A) DELAY ON BILATERAL FRONT
WHILE SEEKING TO MAXIMIZE GAINS IN WASHINGTON ITC HEARINGS
ON GSP AND IN GENEVA MTN TRADEOFFS; OR (B) HOLDING IMMEDIATE
BILATERALS WHICH PROMISE EARLIER AND POSSIBLY GREATER
TRADE BENEFITS ON ITEMS OF MAJOR TRADING INTEREST. THE
WEIGHT OF VJP OPINION NOW SEEMS TO FAVOR EARLY BILATERALS,
AND PRESIDENT MARCOS SUGGESTED TO THE AMBASSADOR THAT
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THE U.S. WOULD BE APPROACHED IN A MATTER OF DAYS. BARRERA

ECHOED THE SAME SENSE OF IMMEDIACY.

2. WHEN PRESIDENT MARCOS BROACHED SUBJECT WITH THE AMBASSADOR EARLIER THIS WEEK, MARCOS SAID HE THOUGHT DECISION HAD BEEN MADE TO PROCEED WITH EARLY BILATERALS ROMULO THOUGHT DECISION HAD BEEN MADE THE OTHER WAY. AMBASSADOR STRESSED FACTORS INVOLVED IN CHOICE, INCLUDING POSSIBLE WAIT OF TWO YEARS OR MORE FOR MTN RESULTS AND THE PROBABILITY THAT KEY ITEMS OF INTEREST TO GOP WOULD NOT BE IN FINAL GSP LIST.

3. SEEMINGLY AWARE OF FOREGOING EXCHANGE, BARRERA, WHO CO-CHAIRLED LAST YEAR'S TECHNICAL TALKS WITH VEGA, AGAIN EXPLORED CAREFULLY THE MTN TIMETABLE AND GSP PROSPECTS. BARRERA PICKED UP THOUGHT, EARLIER EXPRESSED BY FINANCE SECRETARY VIRATA, THAT LITTLE WOULD HAPPEN IN GENEVA UNTIL AFTER U.S. ELECTION.

4. BARRERA ASKED WHAT WERE THE PROSPECTS THAT U.S. MIGHT USE PRESIDENTIAL WAIVER AUTHORITY TO MEET PHILIPPINE TRADE OBJECTIVES UNDER GSP. ECON/COMMERCIAL COUNSELOR SAID THAT ODDS WERE ANY THOUGHTS OF WIDESPREAD USE OF

THAT AUTHORITY WOULD MEET GREAT RESISTENCE IN WASHINGTON. POSSIBLY, IF RELATED TO AN OTHERWISE SUITABLE TRADE AND INVESTMENT AGREEMENT, SUPPORT COULD BE GENERATED FOR A SELECTIVE USE OF WAIVER AUTHORITY. IN PREVIOUS TALKS, HOWEVER, THE PROSPECTS FOR RECIPROCAL CONCESSIONS HAD NOT REALLY BEEN EXPLORED AND THESE SHOULD COME FIRST IN NEW TALKS.

5. BARRERA CONCLUDED DISCUSSION THIS TOPIC BY ASKING WHETHER IT WAS POSSIBLE TO NEGOTIATE SEPARATE TRADE AND INVESTMENT AGREEMENTS. HE WAS TOLD THAT IN THE LAST DRAFT PRESENTED TO GOP THE U.S. HAD GONE ABOUT AS FAR AS IT COULD TO MEET THAT GOP INTEREST. TOPICALLY THE TWO MAIN SUBJECTS WERE SEPARATE IN U.S. DRAFT, BUT U.S. WOULD WANT TO LOOK AT TRADE AND INVESTMENT RESULTS OF NEGOTIATION TOGETHER.

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6. BARRERA WAS MOST EMPHATIC IN STATING HIS PERSONAL PREFERENCE FOR EARLY BILATERALS, WHILE GRANTING THAT VEGA IS STILL PUSHING FOR AN EARLY HANDLING OF TROPICAL PRODUCTS IN THE MTN. WITHOUT SPECIFYING THE FORM OR THE CHANNEL, HE SAID THE U.S. WOULD BE APPROACHED TO REOPEN TALKS WITHIN A FEW DAYS.
SULLIVAN

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